

**SOUTH CAROLINA HIGHER EDUCATION
TUITION GRANTS COMMISSION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2018



Independent Accountant's Report on Applying Agreed-Upon Procedures

July 30, 2019

Katherine H. Harrison, Director
and
Members of the Commission
South Carolina Higher Education Tuition Grants Commission
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Higher Education Tuition Grants Commission (the Commission), on the systems, processes and behaviors related to financial activity of the Commission for the fiscal year ended June 30, 2018. The Commission's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Commission. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Commission has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

This report is intended solely for the information and use of the governing body and management of the South Carolina Higher Education Tuition Grants Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor

Agreed-Upon Procedures Related to South Carolina Higher Education Tuition Grants Commission (H06)

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain from management an understanding of variations in G/L Account 4520010000 (Refund Prior Year Expenditure).

We found no exceptions as a result of these procedures.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by Commission procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Commission procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Commission.
 - The transaction is properly classified in the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
 - Determine that disbursements are recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.
 - For scholarship disbursements:
 - Use enrollment report to verify no student received more than \$3,200 annually.
 - Agree check report total to the total listed on the enrollment report.
 - Verify all selected certification forms are signed by a designated college office.
 - Agree voucher listing to South Carolina Enterprise Information System (SCEIS) General Ledger.

We found no exceptions as a result of these procedures.

Payroll

3. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain from management an understanding of variations in G/L Account series 501- (Personal Services).
4. Select one employee hired during the fiscal year to determine if the employee was added to the payroll in accordance with the Commission's policies and procedures and that the employee's first pay check was properly calculated in accordance with applicable State law.

We found no exceptions as a result of these procedures.

Journal Entries and Transfers

5. Haphazardly select five journal entries and transfers for the fiscal year to:
 - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of these procedures.

Reporting Packages

6. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
7. In addition to the procedure above, perform the following:
 - Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or Commission prepared records.

We found no exceptions as a result of these procedures.

Governance, Risk and Compliance (GRC) SCEIS Module

8. Select all five controls identified through the SCEIS GRC system that were in place during fiscal year 2018 and inspect mitigating control documentation. Confirm with management the controls are operating as designed.

We found no exceptions as a result of these procedures.

Monitoring of Tuition Grant Funds

9. Obtain a listing of all independent, nonprofit, in-state colleges participating in the tuition grant program. Haphazardly select three colleges to determine if the Commission monitored the disbursements of tuition grant funds throughout the year in accordance with its policy, including an annual review by independent accountants.

We found no exceptions as a result of these procedures.

Appropriation Act

10. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.

We found no exceptions as a result of these procedures.

Minutes

11. Inspect the Commission's approved minutes beginning with the end date of prior year fieldwork through the end of our fieldwork.

We found no other matters related to our agreed-upon procedures.